

Jul 59/27  
A/M  
9/27



Bruce King  
Governor

Dick Minzner  
Secretary

STATE OF NEW MEXICO  
**Taxation and Revenue Department**  
An Equal Opportunity Employer  
OFFICE OF THE SECRETARY  
TAX INFORMATION/POLICY OFFICE  
1100 ST. FRANCIS DRIVE  
P. O. BOX 630  
SANTA FE, N. M. 87504-0630  
FAX (505) 827-0331

RECEIVED  
1994 SEP 27 11:58 AM  
DIVISIONS  
Office of the Secretary  
(505) 827-0341  
Administrative Services  
(505) 827-0369  
Audit and Compliance  
(505) 827-0900  
Motor Transportation  
(505) 827-0320  
Motor Vehicle  
(505) 827-2294  
Property Tax  
(505) 827-0870  
Revenue Processing  
(505) 827-0800

September 21, 1994

Ms. Mary Lou Benzel  
Contracting Officer  
General Services Administration  
Federal Supply Service  
Washington, DC 20406

Dear Ms. Benzel:

This letter is in response to your correspondence of August 22, 1994 regarding the federal government's purchasing card program. In your correspondence you requested New Mexico's position on the application of the gross receipts tax to purchases under this program.

New Mexico on November 26, 1990 recognized the use of the government credit cards for the purchase of tangible personal property as noted by Taxation and Revenue Department Regulation GR 54:14 (TRD Rule GR-90). Also, the Taxation and Revenue Department issued a bulletin in June of 1994 to reaffirm what was stated in the regulation. We are enclosing copies of both for your information.

If you have any other questions or need additional information please contact me at either (505) 827-0939 or at the above address.

Very truly yours,

Manuel F. Gallegos, Chief  
Tax Information/Policy

OCT 26 PM 2:15

## GR 54:14 - GOVERNMENT CREDIT CARD PURCHASES

Receipts from credit card sales of tangible personal property to an agency of the United States Government which uses a credit card containing the phrase "U S GOVT TAX EXEMPT" and trademark "I.M.P.A.C." are deductible from the gross receipts of the seller. Receipts from any credit card sales of services or credit card payments of leases of tangible property are not deductible. Receipts from credit card sales to employees or representatives of the federal government using a credit card which does not contain the phrase "U S GOVT TAX EXEMPT" and the trademark "I.M.P.A.C." are not deductible from gross receipts.

# NEW MEXICO BULLETIN



## Federal Government Issues New Credit Cards; But Rules on Sales to Federal Government Remain the Same

### *How to "Read" the Credit Card*

The federal government now issues American Express credit cards, in addition to I.M.P.A.C. VISA credit cards, to its employees for purchases. This Bulletin tells how to determine whether the receipts from sales involving one of these credit cards are subject to or deductible from the gross receipts tax.

#### GUIDELINES

Receipts from sales of tangible personal property to the federal government are deductible from gross receipts. Receipts from *leasing* tangible personal property, or from performing services, are not deductible; these receipts are taxed [§7-9-54\*].

#### CREDIT CARD SALES

Credit card sales made to holders of "regular" credit cards, who are billed by and pay the credit card company, are treated like sales to non-government entities and are not exempt from gross receipts taxes *even if the credit card holders are employees or representatives of the federal government.*

I.M.P.A.C. (International Merchant Purchase Authorization Card) VISA cards carry the phrases, "United States of America, I.M.P.A.C., For Official Use Only" and "U.S. Government Tax Exempt." Sales made to an individual who pays with this card are sales to the federal government, so the guidelines cited above apply: Receipts from the sale of tangible personal property are deductible from gross receipts, while receipts from *leasing* tangible personal property, or from performing services, are not deductible.

The American Express cards issued by the federal government will *usually but not always* include the phrase "UNITED STATES GOVERNMENT" under the American Express logo, *but even so, not all sales using these American Express credit cards are deductible from gross receipts taxes.* To determine whether sales involving such cards are deductible, the vendor must examine the account number. (over)

New Mexico Taxation and Revenue Department  
P.O. Box 630  
Santa Fe, NM 87504-0630

## "READING" THE ACCOUNT NUMBER

The American Express card bears a 15-digit account number in this form:

3783 XZZZZZ ZZZZZ.

The first four digits -- 3783 -- indicate that the account is part of the federal government's program. The next digit (the "X" in the example) is the key. If the "X" is a 7 or 8, the account is billed to the cardholder, not to the federal government. Receipts from sales to such accounts are taxable.

If the "X" is a 9, the account is billed to the federal government, and so the guidelines listed above under "Background" apply. But in most cases, the "9" accounts are cardless. This means that almost every federally-issued American Express card presented will be for an individual account, and deductions relating to sales to governmental agencies will not apply.

\* Numbers in brackets refer to statutes compiled in *New Mexico Statutes Annotated, 1978*.

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For more information about sales to the federal government, please contact your local tax district office.

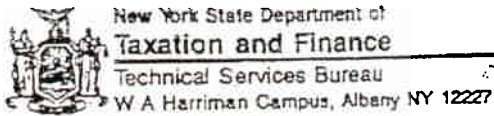
### TAX DISTRICT OFFICES

All phone numbers are area code 505.

Alamogordo:	437-4850	Hobbs:	393-0163
Albuquerque:	841-6200	Las Cruces:	524-6225
Carlsbad:	885-4346	Roswell:	624-6065
Clovis:	763-5515	Santa Fe:	827-0930
Farmington:	325-5049	Silver City:	388-1101

Main Switchboard: 827-0700 (Santa Fe)

This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [§7-1-60]. In the event of a conflict between the Department's taxpayer publications and statutes, regulations, or case law, the information in taxpayer publications is overridden by statutes, regulations, or case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this publication.



AM  
6/1/94 Sue  
56/17  
RECEIVED  
1994 JUN 14 AM 9:22

May 24, 1994

Ms. Mary Lou Benzel  
Contracting Officer  
General Services Administration  
Federal Supply Service  
Washington, DC 20406

Dear Ms. Benzel:

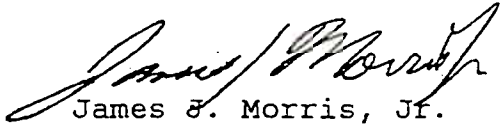
This is in reply to your letter of March 18, 1994, inquiring whether the New York State Department of Taxation and Finance will continue its policy of accepting the IMPAC Visa card as substantiation of exempt purchases by the federal government.

It was our understanding that the IMPAC Visa card Program would, upon implementation, provide that cards would be issued to and used by only federal government employees. In accordance with that understanding, a policy was adopted by this Department that would accept the IMPAC Visa card as sole substantiation that a particular transaction is exempt from the New York State and local sales taxes.

However, a review of your original publication, Federal Supply Schedule - Industrial Group 615 relating to "Governmentwide Commercial Credit Card Service" (cum.ed./3-27-1989) indicates that certain government contractors, mixed ownership government corporations and the Government of the District of Columbia are eligible to participate in the credit card program. Since purchases by these entities are not generally exempt from New York State and local sales or use taxes as purchases by the United States government, we will need assurances that these entities do not use or have access to a US Government tax exempt IMPAC Visa card of a type used by federal government employees when making purchases within New York State. If these entities do possess and use the credit card in New York State, our policy with respect to acceptance of the IMPAC Visa card as substantiation of an exempt transaction will have to be reviewed.

Any clarification with respect to the above issue that you are able to provide us will be appreciated. If you have any questions, you may contact Frank Busold, Sales Tax Instructions and Interpretations Unit at (518) 457-5472.

Very truly yours,

A handwritten signature in cursive script, appearing to read "James J. Morris, Jr.", written in dark ink.

James J. Morris, Jr.  
Tax Regulations Specialist II  
Sales Tax Instructions and  
Interpretations Unit

FB/je



RECEIVED

North Carolina Department of Revenue

James B. Hunt, Jr.  
Governor

March 28, 1994

Janice H. Faulkner  
Secretary

General Services Administration  
Federal Supply Service  
Washington, DC 20406

Attention: Mary Lou Benzel  
Contracting Officer  
Services Acquisition Center

Dear Ms. Benzel:

This is to acknowledge receipt of your letter dated March 18, 1994, addressed to Cecil R. Kinsland, former Administrative Officer in the Sales and Use Tax Division, who is now retired.

We have reviewed the information which you provided regarding the VISA I.M.P.A.C. credit card used by the United States Government under a contractual arrangement with Colorado National Bank of Denver, d/b/a Rocky Mountain BankCard System, Denver, Colorado. You explained that the card is issued to certain employees of the Federal Government who have received a written delegation of authority from their agency. These individuals may use the card to make purchases, within the prescribed limits, on behalf of the government. The credit card bill is paid directly by the government.

In our opinion, the purchases made with the use of the card meet the requirements for sales directly to the United States Government and are exempt from sales and/or use taxes.

Please advise if we can be of further assistance.

Very truly yours,

George P. Long  
Administrative Officer  
Sales and Use Tax Division

GPL:BGC



Bob Hanson  
COMMISSIONER

STATE OF NORTH DAKOTA

OFFICE OF STATE TAX COMMISSIONER

STATE CAPITOL, 600 E. BOULEVARD AVE., BISMARCK, NORTH DAKOTA 58505-0599

701-224-2770

FAX 701-224-3700

RECEIVED  
TDD 701-224-2778

1994 APR 12 AM 9:40

DM  
4/12/94 Bmw  
4/12

April 8, 1994

Mary Lou Benzel  
Services Acquisition Center  
General Services Administration  
Federal Supply Service  
Washington, DC 20406

Dear Ms. Benzel:

This letter is in response to your March 18, 1994 letter requesting a sales tax exemption for purchases made by U.S. government employees and charged on I.M.P.A.C. VISA cards. We will honor your request to exempt purchases made with the I.M.P.A.C. card.

I understand these cards may only be used to make purchases on behalf of the federal government and that payment for any charges made with the card are paid directly by a federal government check. Accordingly, these purchases are accepted as purchases made by the federal government and are exempt from North Dakota and local sales taxes.

If you have any questions concerning our rules and policies related to government purchases, please contact me.

Sincerely, .

Myles S. Vosberg, CPA  
Supervisor, Sales Tax Compliance  
Phone: (701)224-3011

MSV:ljw  
Daily\940408



PM 3/28/94 Bm  
Ohio 3/28/94

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1994 MAR 28 PM 2:25  
DEPARTMENT OF  
TAXATION

March 22, 1994

Mary Lou Benzel, Contracting Officer  
Services Acquisition Center  
General Services Administration  
Federal Supply Services  
Washington, DC 20406

Dear Ms. Benzel:

This is to advise you that the State of Ohio would have no problem with extending the use of the "U.S. Government - Tax Exempt" credit card as indicated in the information provided.

As previously stated, we feel that the credit card and payment procedures clearly establish the fact that the purchases are being made by the U.S. Government and as such would be exempt from Ohio sales tax.

If you have any questions regarding this matter, please feel free to contact me at any time.

Sincerely,



Michael C. Weichmann, Assistant Administrator  
Sales and Use Tax Division  
(614) 466-3970





RECEIVED

1994 MAR 29 PM 4:25

AM  
3/30/94  
BR  
3/29

## OKLAHOMA TAX COMMISSION

### STATE OF OKLAHOMA

ROBERT E. ANDERSON, Chairman  
ROBERT L. WADLEY, Vice-Chairman  
DON KILPATRICK, Sec'y-Member

P. O. BOX 53248  
OKLAHOMA CITY, OKLAHOMA 73152-3248

BUSINESS TAX DIVISION  
RANDY ROSS, Director

March 23, 1994

General Services Administration  
Federal Supply Service  
Washington, D.C. 20406

Attn: Mary Lou Benzel  
Contracting Officer  
Service Acquisition Division

Dear Ms. Benzel:

I am responding to your recent letter of March 18, 1994 regarding the I.M.P.A.C. (International Merchant Purchase Authorization Card).

Under current Oklahoma law we consider the purchase of taxable tangible property and services by a federal or state employee on a reimbursable basis to be subject to the appropriate state, county and city sales tax. Certificates or other documentation claiming sales tax exemption because the individual is traveling under government orders is not sufficient for the transaction to be exempt.

You indicate that under I.M.P.A.C. employees will be issued a restricted VISA card with the first four digits being (4716) and purchases will be billed to and paid by the federal government. Based on the fact situation described in your recent correspondence, it is my opinion that all purchases made by federal employees under the restrictive terms indicated to be exempt from the Oklahoma state, county and city sales tax.

Several Oklahoma cities and towns impose a motel room tax. The Oklahoma Tax Commission has no involvement or participation in the enforcement and collection of the local room tax. If you have additional questions concerning this matter or if I can be of further assistance, please contact me.

Very truly yours, -

OKLAHOMA TAX COMMISSION

A handwritten signature in red ink that reads "Randy Ross".

Randy Ross, Director  
Business Tax Division

RECEIVED  
1994 APR -1 - 10:01

EXECUTIVE  
DEPARTMENT

ACCOUNTING  
DIVISION

MARCH 24, 1994

GENERAL SERVICES ADMINISTRATION  
FEDERAL SUPPLY SERVICE  
WASHINGTON DC 20406

ATTN: MARY LOU BENZEL, CONTRACTING OFFICER

RE: YOUR LETTER DATED MARCH 18, 1994

The State of Oregon does not have a state sales tax at this time.

Sincerely,

  
James A. Lamka, Director  
Audit & Federal Liaison

JAL:cec

cc: John J. Radford, Administrator

s:\mgr\jal\fedgscrd.vsa



155 Cottage Street NE  
Salem, OR 97310-0310  
(503) 378-3156  
FAX (503) 378-8940



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF REVENUE  
OFFICE OF CHIEF COUNSEL  
DEPT. 281061  
HARRISBURG, PA 17128-1061

April 7, 1994

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1994 APR 12 PM 3:23

AM  
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4/12

Mary Lou Benzel  
Contracting Officer  
Services Acquisition Center  
General Services Administration  
Federal Supply Service  
Washington, DC 20406

Re: Sales and Use Tax Letter Ruling  
International Merchant Purchase Authorization  
Card ("IMPAC")  
United States Government Commercial Credit Card

Dear Ms. Benzel:

This letter is a response to your correspondence of March 18, 1994 which was addressed to John W. Loomis, Deputy Chief Counsel. Mr. Loomis has requested that I respond to your letter, in which you requested continued approval by the Pennsylvania Department of Revenue of the commercial credit used by the federal government.

You stated in your letter that over the past five years the Federal Government has used a commercial credit card to purchase small dollar items (under \$25,000) for its official business. Under the Government's previous contract with Rocky Mountain BankCard System (RMBCS) of Denver, Colorado, this card was called an International Merchant Purchase Authorization Card-I.M.P.A.C. VISA card. The card, issued to Government employees, was used for official purposes only and bills were paid directly by the Government on a monthly basis. This contract with RMBCS expired March 3, 1994.

Currently, over 700 Federal offices participate in this program with over 65,000 cards issued to Government employees. Monthly sales for this program average approximately \$45-50 million dollars with annual sales in 1993 reaching almost \$500 million.

Since this program has been so successful, the Federal Government has awarded a new contract for credit card services to Rocky Mountain BankCard System. The new contract is effective March 4, 1994 and the cards issued will continue to be I.M.P.A.C. VISA cards.

Mary Lou Benzel  
April 7, 1994  
Page 2

The Government VISA card was designed to contain specific codes within the card number which identify the purchase as one made by the Federal Government. The first four digits of the card (4716) identify this card as a Government card. No other VISA card will have these first four digits. Additionally, the card is printed with the legend "U.S. Government Tax Exempt" and "For Official Use Only" on its face. A sample of the card design that was enclosed with your letter is being attached to this letter ruling.

I am pleased to advise you that the Pennsylvania Department of Revenue approves the use of the IMPAC VISA commercial credit card in connection with purchases of tangible personal property or services by the United States Government. Any transaction for which payment is made using the IMPAC VISA card shall not be subject to Pennsylvania State or County sales tax because sales to the federal government are exempt pursuant to 72 P.S. § 7204(12).

Should you have any questions, please feel free to contact me at 717-787-1382.

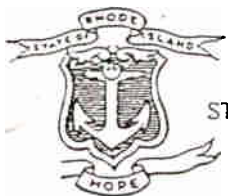
Sincerely yours,

  
Marianne I. Rempe  
Assistant Counsel

Enclosure

MIR:lmh

AM  
9/13/94



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
DIVISION OF TAXATION  
One Capitol Hill  
Providence, RI 02908-5800  
  
FAX (401) 277-6006

September 6, 1994

Mary Lou Benzel  
Contracting Officer  
Services Acquisition Center  
General Services Administration  
Federal Supply Service  
Washington, DC 20406

Dear Ms. Benzel:

This is to confirm that the U.S. Government I.M.P.A.C. Visa Card with the first four digits designated as 4716 may be used to purchase items sales tax exempt within the State of Rhode Island.

Sincerely,

*Paul C. McVay*  
Paul C. McVay  
Chief Revenue Agent  
Excise Tax Section

PCM/Eve

State of South Carolina  
Department of Revenue and Taxation  
301 Gervais Street, P.O. Box 125, Columbia, South Carolina, 29214

RECEIVED  
1994 SEP 16 11 13 34

SM  
9/16 Sue  
S9/16

September 7, 1994

General Services Administration  
Federal Supply Service  
Washington, DC 20406

ATTN: Mary Lou Benzel

Dear Ms. Benzel:


This is in reply to your letter of August 23, 1994, to Mr. Arthur W. Richardson. Mr. Richardson has been retired for several years and your previous correspondence apparently never came to our attention.

Enclosed is our S. C. Information Letter #94-6 which addresses our procedure for the federal credit card program.

If we can be of further assistance, please advise.

Yours very truly,

SOUTH CAROLINA DEPARTMENT OF REVENUE  
OFFICE SERVICES DIVISION



Gary Heuer  
Research and Review  
(803) 737-4744

GH/ril

Enclosure(s)

State of South Carolina  
Department of Revenue and Taxation  
301 Gervais Street, P.O. Box 125, Columbia, South Carolina, 29214

SC INFORMATION LETTER #94-6 (TAX)

SUBJECT: Federal Credit Card Program  
(Sales Tax)

DATE: March 1, 1994

SUPERSEDES: SC Information Letter #91-11

REFERENCE: S. C. Code Ann. Section 12-36-2120(2) (Supp. 1993)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1993)  
SC Revenue Procedure #93-6

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements do represent the official position of the Department.

The Federal Government provides employees with credit cards to facilitate employee travel and routine government purchases. One card widely used in the past was the Diner's Club card. Employees using the Diner's Club card were billed directly by the credit card company and were personally responsible for remitting all payments. Accordingly, all purchases by federal employees with a Diner's Club card were subject to South Carolina sales tax.

## AMERICAN EXPRESS CARD

On December 1, 1993, the federal government replaced the Diner's Club card with an American Express card. The card contains the employee's name and "For Official Use Only". The cards will be issued with account numbers beginning with "3783-7", "3783-8" and "3783-9".

Purchases made with the American Express card that begins with "3783-9" will be paid for directly by the federal government and, therefore, are exempt from South Carolina sales tax pursuant to



Code Section 12-36-2120(2).

Purchases made with the American Express card that begins with "3783-7" and "3783-8" will be billed to and paid for by the individuals using the cards, and, therefore, are subject to South Carolina sales tax.

### I.M.P.A.C. VISA CARD

A second type of government issued card, I.M.P.A.C. - International Merchant Purchase Authorization Card, is used to facilitate routine material and equipment purchases for the federal government directly. The I.M.P.A.C. Visa Card is issued by the Rocky Mountain BankCard System, Inc. All card numbers begin with "4716" and have "United States of America, I.M.P.A.C., For Official Use Only" printed on the top. An employees name and the expiration date are embossed on the front along with "U.S. Government Tax Exempt".

All purchases with the I.M.P.A.C. Visa card will be paid for directly by the federal government. As a result, purchases made with the I.M.P.A.C. Visa card are exempt from South Carolina sales tax pursuant to Code Section 12-36-2120(2). This sales tax exemption extends to purchases of work related food, travel and lodging with the I.M.P.A.C. Visa card.

For questions concerning the Federal credit card program, please contact Deana West at 803-737-4439.